REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Section 101 (A)(3) of the Tax Code of 1997;
BIR Ruling No. 309-14;
BIR Ruling No. 221-14
#172-2018
2-15-2018

Sps. JOSELITO C. LIBUNAO and EMELYN Q. LIBUNAO
#52 Road 8 Alley 1, Project 6,
Quezon City

Sir:

This refers to your letter dated March 12, 2015, requesting for the issuance of a Certificate of Tax Exemption from the payment of donor's tax on the donation of a parcel of land you executed in favor of the CHURCH OF CHRIST IN THE LAST DAYS, INC. pursuant to Section 101 (A)(3) of the Tax Code of 1997, as amended.

Documents submitted show that JOSELITO C. LIBUNAO (TIN), married to EMELYN Q. LIBUNAO (TIN), is the registered owner of a parcel of land covered by Transfer Certificate of Title (TCT), to wit:

TCT No.	Area (Sq.m.)	Tax Declaration No.

issued by the Register of Deeds of Guiguinto, Bulacan; that the aforesaid property is situated at Brgy. King Kabayo (now Pulung Duhat), San Miguel, Bulacan; that a Deed Donation was executed on March 12, 2015 whereby Sps. JOSELITO C. LIBUNAO and EMELYN Q. LIBUNAO donated the aforementioned property in favor of the CHURCH OF CHRIST IN THE LAST DAYS, INC., with Taxpayer's Identification No. (TIN) a non-stock, non-profit religious organization registered with the Securities and Exchange Commission (SEC) under Company Registration No. dated September 21, 2004; and that the CHURCH OF CHRIST IN THE LAST DAYS, INC., represented by Mr. Leonardo P. Caparas, has accepted the donation as embodied in the Deed of Donation dated March 12, 2015.

In reply, please be informed that Sec. 101 (A)(3) of the Tax Code of 1997, as amended provides:

"SEC. 101. Exemption of Certain Gifts.–The following gifts or donations shall be exempt from the tax provided for in this Chapter:

(A) In the Case of Gifts made by a Resident.–

xxx xxx xxx

xxx xxx xxx

(3) Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited non-governmental organization, trust or philanthropic, organization or research institution or organization: Provided, however, that not more than thirty percent (30%) of said gifts shall be used by such done for administrative purposes..."

xxx xxx xxx

Inasmuch as the CHURCH OF CHRIST IN THE LAST DAYS, INC. is a religious organization, any donation to it is exempt from the payment of donor's tax pursuant to Section 101 (A)(3) of the Tax Code of 1997, as amended, subject to the condition that not more than 30% of said gift shall be used by the donee for administration purposes. In case of donation of real property, the Register of Deeds shall annotate this condition at the back of the title because failure to comply with the said condition shall subject the donation to donor's tax.

Section 185 of Regulations No. 26, otherwise known as the Revised Documentary Stamp Tax Regulations, implementing Title VII of the NIRC, provides that conveyances of realties not in connection with a sale, to trustees or other persons without consideration are not taxable. Accordingly, the deed of donation is likewise not subject to the documentary stamp tax prescribed under Section 196 of the Tax Code of 1997, but only to the documentary stamp tax of P15.00 imposed under Section 188 of the same Tax Code. *(BIR Ruling Nos. 309-14 dated August 4, 2014 and 221-14 dated June 20, 2014)*

However, if the same property acquired by gift is subsequently conveyed by way of sale or exchange, the sale will be subject to capital gains tax based on the gross selling price or current fair market value as determined in accordance with Section 6 (E) of the Tax Code of 1997, whichever is higher, of such land and/or building. *(Revenue Memorandum Circular No. 007-12)*. If CHURCH OF CHRIST IN THE LAST DAYS, INC. donates the same property donated to it to non-exempt donee, then it shall be liable for donor's tax pursuant to Section 98 of the Tax Code of 1997, as amended.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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